

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 EUR-25 ISO-00 OMB-01 TRSE-00 CIAE-00

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FM AMEMBASSY BRIDGETOWN

TO SECSTATE WASHDC IMMEDIATE 7495

INFO AMEMBASSY GEORGETOWN

AMEMBASSY KINGSTON

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY PORT OF SPAIN

C O N F I D E N T I A L BRIDGETOWN 1251

E.O. 11652: GDS

TAGS: ETRN BB

SUBJ: CIVAIR: BARROW DISCUSSES LIAT, BWIA

REF: A) BRIDGETOWN 1241, B) BRIDGETOWN 1179

1. IN WIDE-RANGING PRESS CONFERENCE AT ST LUCIA ON JULY 17, BARBADOS PRIME MINISTER ERROL BARROW DISCUSSED INTER ALIA CARIBBEAN CIVIL AVIATION SITUATION, CHIDING BWIA FOR INEFFICIENCY AND PUSHING FOR CONTINUATION OF LIAT AS REGIONAL CARRIER. BARROW ALSO REPORTEDLY LEVELLED SAME CRITICISM AT GOTT WHOM HE ACCUSED OF ACTING IN PAST ON AVIATION MATTERS WITHOUT CONSULTING CARIBBEAN NEIGHBORS AND COLLEAGUES.

2. BARROW IS QUOTED AS SAYING THAT HE REGARDED LIAT AS "THE" REGIONAL AIR CARRIER AND NOT BWIA WHICH HE DESCRIBED AS "AN INTERNATIONAL AIRLINE OPERATING ON SOME OF ITS INTERNATIONAL ROUTES LARGELY THROUGH THE GRACE AND FAVOR OF BARBADOS." BARROW SAID HE WAS NOT SATISFIED THAT LIAT WAS LOSING MONEY ON
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AN OPERATIONAL BASIS SINCE IT WAS "OPERATING AT FULL CAPACITY."

BARROW THEN REPORTEDLY LASHED OUT AT COURT LINE AND OTHER MULTINATIONAL CORPORATIONS FOR MANIPULATING ACCOUNTS FOR TAX PURPOSES, ADDING THAT HE HAD "PROOF" THAT THIS WAS BEING DONE IN CASE OF LIAT. BARROW THEN REPORTEDLY CALLED FOR "CARIBBEAN GOVERNMENTS TO TAKE OVER AND DEVELOP LIAT."

3. BARROW REPORTEDLY BLAMED BWIA'S FINANCIAL LOSSES ON "POLITICAL INTERFERENCE AND MISMANAGEMENT," NOTING THAT BWIA POSSESSED SEVEN PLANS AND STAFF OF 1400 CONTRASTED WITH AIR JAMAICA'S EIGHT PLANES AND 700 EMPLOYEES. BARROW WAS ALSO QUOTED AS SAYING THAT HE "HAD NEVER ABANDONED IDEA OF ASSISTING IN MAKING BWIA MORE EFFICIENT EVEN TO POINT OF PARTICIPATING IN IT" BUT THAT GOB HAD INFORMED GOTT THAT BARBADOS "COULD NOT AFFORD LUXURY OF INVESTING IN LOSING VENTURE IN FACE OF MORE PRESSING DOMESTIC PRIORITIES SUCH AS HOUSING, DEVELOPMENT AND CREATION OF EMPLOYMENT."

4. BARROW ALSO REPORTEDLY RECALLED SOME OF "INTRIGUE" SURROUNDING SALE OF LIAT BY GOTT. HE SAID THAT HE AND MINISTER FROM ANTIGUA HAD RETURNED TO US FROM TALKS IN CANADA ABOUT LIAT'S FUTURE TO BE GREETED BY NEWS THAT GOTT HAD ALREADY SOLD AIRLINE TO COURT. BARROW TERMED "RATHER PECULIAR" A REPORT THAT GOTT WAS NEGOTIATING TO BUY BACK LIAT WITHOUT CONSULTING OTHER CARIBBEAN GOVERNMENTS WHEN A FEW YEARS AGO "THEY HAD SOLD IT WITHOUT CONSULTING THEM EITHER."

5. COMMENT: LOCAL COURT LINE REP NOTES THAT BARROW'S COMMENTS ARE CONSISTENT WITH PAST STATEMENTS WITH EXCEPTION OF HIS ATTACK ON COURT LINE FOR ALLEGEDLY JUGGLING LIAT BOOKS. ACCORDING TO COURT REP BARROW HAS PERSISTENTLY HAD IDEA THAT LIAT WAS MONEYMAKER DESPITE REPORTED EFFORTS TO SHOW HIM OTHERWISE. COURT REP CLAIMS THAT LIAT'S ORDINARY FARE STRUCTURE IS FAR TOO LOW AND THAT UP TO 45-50 PERCENT OF FARES ARE PRO-RATED WITH OTHER AIRLINES LEAVING LIAT TINY PROFIT MARGIN. (HE CLAIMS ALSO THAT BARROW HAS CONSISTENTLY REFUSED TO GIVE LIAT REASONABLE FARE INCREASE TO RECTIFY SITUATION.) THUS, HE CLAIMS, LIAT HAS TO FLY FULL JUST TO BREAK EVEN. COURT REP CLAIMS THAT BARROW IS ADAMANT IN BELIEVING THAT LIAT HAS PROFIT POTENTIAL AND THAT HE ATTRIBUTES EARLY LIAT DIFFICULTIES TO BWIA MISMANAGEMENT, INCLUDING SADDLING LIAT WITH UNJUSTIFIED

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CHARGES.

6. COURT REP ALSO CLAIMED THAT BARROW HAS ON SEVERAL OCCASIONS SPURNED COURT LINES' OFFER TO PUT GOB IN AIRLINE BUSINESS. HE ALLEGES THAT COURT OFFERED TO LET BARROW ACQUIRE AND OPERATE LIAT AT VERY LITTLE COST TO GOB AND THAT COURT MADE SIMILAR OFFER REPEATEDLY RE ICA, I.E. COURT WOULD ACQUIRE ICA FROM LAKER AND THEN TRANSFER ASSETS TO GOB AT RELATIVELY LOW

COST. COURT REP CLAIMS THAT BARROW HAS REPEATEDLY REFUSED BOTH ACQUISITIONS.

7. COURT REP OFFERED VIEW THAT BARROW MAY BE AT LEAST PARTLY RIGHT REGARDING COURT LIAT ACCOUNTING PROCEDURES. HE MENTIONED ARTICLE IN RECENT LONDON PAPER TAKING COURT LINE TO TASK FOR ANNOUNCING PROFIT PRIOR TO LAST ANNUAL MEETING THEN JUGGLING ACCOUNTS IN MANY AREAS (POSSIBLY INCLUDING LIAT) TO MAKE THEIR INCORRECT STATEMENT APPEAR TRUE.

8. WE NOTE THAT BARROW DID NOT MENTION BAHAMAS AIR SO THAT PERHAPS COURT REP'S EARLIER SPECULATION (REFTEL B) ON BARROW'S INTENTIONS ARE MISTAKEN. BARROW'S ALLEGED CALL FOR TAKEOVER OF LIAT BY "CARIBBEAN GOVERNMENTS" IS PUZZLING IN VIEW OF THEIR LACK OF FUNDS AND HIS OWN REFUSALS (IF COURT REP'S STATEMENTS ARE TRUE) TO BECOME INVOLVED IN LIAT MANAGEMENT. BARROW'S ANTIPATHY TOWARDS BWIA AND GOTT ON AVIATION MATTERS IS WELL KNOWN. ABOUT ONLY THING WE CAN SAY AT THIS POINT IS THAT BARROW'S WAR TIME RAF EXPERIENCE AND HIS CONTINUING FLIRTATION WITH FLY WILL PROBABLY CONTINUE TO COMPLICATE CIVIL AVIATION PICTURE HERE FOR SOME TIME.

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